

CITY OF BLOOMFIELD, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2009

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS  
JUNE 30, 2009

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sam Eakins	Mayor	January 2010
Craig Scott	Mayor Pro Tem	January 2010
Jeff Anderson	Council Member	January 2010
David Thordason	Council Member	January 2010
Jerry Kincart	Council Member	January 2012
Dee Johnson	Council Member	January 2012
Craig Scott	Council Member	January 2012
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2010

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members  
of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Bloomfield, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa as of June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2009 on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 8 and 21 through 23 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The financial statements for the three years ended June 30, 2004 (which are not presented herein) were audited by other auditors. The other auditors expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
October 29, 2009

# **CITY OF BLOOMFIELD, IOWA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **JUNE 30, 2009**

The City of Bloomfield, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

#### **2009 FINANCIAL HIGHLIGHTS**

- Receipts (including transfers) from the City's governmental activities increased 40% or \$814,090 from fiscal year 2008 to fiscal 2009.
- Disbursements of the City's governmental activities increased 47% or \$1,018,368 from fiscal 2008 to fiscal 2009. Public works disbursements decreased \$77,385 while community and economic development expenditures increased \$79,715, public safety disbursements increased \$89,583, culture and recreation expenditures increased \$122,651 and capital projects disbursements increased \$784,266.
- The City's total cash basis net assets decreased 12% or \$512,891 from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities decreased \$331,331 and the assets of the business type activities decreased by \$181,560. This decrease is due primarily to capital project expenditures.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets - Cash Basis. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operation in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

#### **Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets - Cash Basis reports information that helps answer this question.

The Statement of Activities and Net Assets - Cash Basis present the City's cash basis net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets - Cash Basis is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, electric and gas funds. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Capital Projects Funds and 4) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operation and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four enterprise Funds to provide separate information for the water, sewer, electric and gas funds, all four are considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$1,045,138 to \$713,807. The analysis that follows focuses on the changes in cash balances for governmental activities.

## Changes in Cash Basis Net Assets of Governmental Activities

	Year Ended June 30,	
	<u>2009</u>	<u>2008</u>
<b>Receipts and transfers:</b>		
Program receipts:		
Charges for service	\$ 299,455	\$ 250,983
Operating grants, contributions and restricted interest	322,455	704,311
General receipts:		
Property tax	1,008,141	878,235
Local option sales tax	260,230	222,356
Other general receipts	254,466	242,024
Transfers, net	<u>718,893</u>	<u>(248,359)</u>
<b>Total receipts and transfers</b>	<b><u>2,863,640</u></b>	<b><u>2,049,550</u></b>
<b>Disbursements:</b>		
Public safety	802,097	712,514
Public works	669,967	747,352
Culture and recreation	413,019	290,368
Community and economic development	282,121	202,406
General government	126,002	106,464
Capital projects	<u>901,765</u>	<u>117,499</u>
<b>Total disbursements</b>	<b><u>3,194,971</u></b>	<b><u>2,176,603</u></b>
Net change in cash basis net assets	(331,331)	(127,053)
Cash basis net assets beginning of year	<u>1,045,138</u>	<u>1,172,191</u>
Cash basis net assets end of year	\$ <u>713,807</u>	\$ <u>1,045,138</u>

The City's total receipts and transfers for governmental activities increased 40% or \$814,090. Excluding transfers, receipts decreased \$153,162 or 7% from the prior year. The decrease in receipts was primarily the result of fewer proceeds from grants received by the City during the current year.

The total cost (disbursements) of all programs and services increased by \$1,018,368 or 47%. The increase in disbursements was primarily the result of more expenditure for capital projects during the current year.



## Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended June 30,	
	<u>2009</u>	<u>2008</u>
<b>Receipts:</b>		
Program receipts:		
Water	\$ 701,080	\$ 665,894
Sewer	345,988	310,024
Electric	2,949,244	2,272,349
Gas	1,721,365	1,815,091
Capital grants, contributions, and restricted interest	755	141,250
General receipts:		
Unrestricted interest on investments	52,067	89,882
Other general receipts	61,988	58,331
<b>Total receipts</b>	<b><u>5,832,487</u></b>	<b><u>5,352,821</u></b>
 <b>Disbursements and transfers:</b>		
Water	814,644	699,605
Sewer	376,277	300,119
Electric	2,313,089	1,951,681
Gas	1,791,144	1,528,062
Transfers	718,893	(248,359)
<b>Total disbursements and transfers</b>	<b><u>6,014,047</u></b>	<b><u>4,231,108</u></b>
 Net change in cash basis net assets	(181,560)	1,121,713
 Cash basis net assets beginning of year	<u>3,149,693</u>	<u>2,027,980</u>
 Cash basis net assets end of year	\$ <u>2,968,133</u>	\$ <u>3,149,693</u>

Total business type activities receipts for the fiscal year increased \$479,666 or 9%. The increase in receipts was primarily the result of an increase in electric rates.

Total business type activities disbursements and transfers increased \$1,782,939 or 42%. Excluding transfers, disbursements increased \$815,687 or 18% from the prior year. This resulted primarily from an increase in purchased power by the Electric Fund and purchased gas by the Gas Fund.

### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield, Iowa completed the year, its governmental funds reported a combined fund balance of \$713,807, a decrease of \$331,331 from last year's total of \$1,045,138. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$650,765 from the prior year to \$(87,955).
- The Road Use Tax cash balance decreased \$17,955 from the prior year to \$(37,302).
- The Farm to Market Capital Project Fund cash balance increased \$181,962 from the prior year to \$197,712.
- In total the non-major governmental funds cash balance increased \$155,427.

## INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased \$126,258 to \$217,384 due in part to \$50,000 in transfers to the Goode & Karr Water Main Capital Project.
- The Sewer Fund cash balance decreased \$13,853 to \$364,482.
- The Electric Fund cash balance increased \$5,355 to \$1,456,841, including transfers to the General, Farm to Market, Lake Project and Spec Building Capital Project Funds totaling \$1,121,850 and transfers from the Road Use Tax, Local Option Sales Tax and Other Tax Increment Financing Funds totaling \$452,957.
- The Gas Fund cash balance decreased \$46,804 to \$929,426.

## BUDGETARY HIGHLIGHTS

During the year ended June 30, 2009, the City amended its budget once resulting in an increase in budgeted expenditures of \$578,920.

## DEBT ADMINISTRATION

At June 30, 2009 the City had \$410,000 in bonds and other long-term debt, compared to \$535,000 last year, as shown below.

### Outstanding Debt at Year End

	Year ending June 30,	
	<u>2009</u>	<u>2008</u>
Revenue notes	\$ <u>410,000</u>	\$ <u>535,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. At June 30, 2009, the City had no general obligation debt outstanding and its constitutional debt limit was approximately \$2.3 million.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Bloomfield, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various City activities.

Inflation in the Midwest continues to be somewhat lower than the national Consumer Price Index. The Midwest had a CPI decrease of 3.618% for fiscal year 2009 compared with the national decrease of 3.122%. Inflation has decreased in part due to the state of the economy and the slowing of the residential housing market.

These indicators were taken into account when adopting the budget for fiscal year 2010. There were no major changes to the fiscal year 2010 budget. The large projects from the fiscal year 2009 budget are expected to be completed during fiscal year 2010.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Taylor, City Clerk, 111 West Franklin, Bloomfield, Iowa 52537.

## BASIC FINANCIAL STATEMENTS

CITY OF BLOOMFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs			Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	<u>Disbursements</u>	<u>Charges for Service</u>		
Governmental activities:				
Public safety	\$ 802,097	\$ 25,848	\$ 47,583	\$ -
Public works	669,967	179,230	236,612	-
Culture and recreation	413,019	94,377	14,000	-
Community and economic development	282,121		24,260	-
General government	126,002	-	-	-
Capital projects	901,765	-	-	-
Total governmental activities	<u>3,194,971</u>	<u>299,455</u>	<u>322,455</u>	<u>-</u>
Business type activities:				
Water	814,644	701,080	-	755
Sewer	376,277	345,988	-	-
Electric	2,313,089	2,949,244	-	-
Gas	1,791,144	1,721,365	-	-
Total business type activities	<u>5,295,154</u>	<u>5,717,677</u>	<u>-</u>	<u>755</u>
Total	\$ <u>8,490,125</u>	\$ <u>6,017,132</u>	\$ <u>322,455</u>	\$ <u>755</u>
General receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
<u>Cash Basis Net Assets</u>				
Restricted:				
Other purposes				
Unrestricted				
Total cash basis net assets				

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Assets

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Governmental Activities	Business Type Activities	Total
\$ (728,666)	\$ -	\$ (728,666)
(254,125)	-	(254,125)
(304,642)	-	(304,642)
(257,861)	-	(257,861)
(126,002)	-	(126,002)
(901,765)	-	(901,765)
<u>(2,573,061)</u>	<u>-</u>	<u>(2,573,061)</u>
-	(112,809)	(112,809)
-	(30,289)	(30,289)
-	636,155	636,155
-	(69,779)	(69,779)
-	<u>423,278</u>	<u>423,278</u>
<u>(2,573,061)</u>	<u>423,278</u>	<u>(2,149,783)</u>
670,808	-	670,808
337,333	-	337,333
260,230	-	260,230
34,472	52,067	86,539
219,994	61,988	281,982
<u>718,893</u>	<u>(718,893)</u>	<u>-</u>
<u>2,241,730</u>	<u>(604,838)</u>	<u>1,636,892</u>
(331,331)	(181,560)	(512,891)
<u>1,045,138</u>	<u>3,149,693</u>	<u>4,194,831</u>
\$ <u>713,807</u>	\$ <u>2,968,133</u>	\$ <u>3,681,940</u>
\$ 37,823	\$ 419,991	\$ 457,814
<u>675,984</u>	<u>2,548,142</u>	<u>3,224,126</u>
\$ <u>713,807</u>	\$ <u>2,968,133</u>	\$ <u>3,681,940</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	General	Special Revenue Road Use Tax	Capital Projects Farm to Market	Other Non-Major Governmental Funds	Total
<b>RECEIPTS:</b>					
Property tax	\$ 374,638	\$ -	\$ -	\$ 296,170	\$ 670,808
Tax increment financing	-	-	-	337,333	337,333
Other City tax	46,669	-	-	213,561	260,230
Licenses and permits	39,893	-	-	-	39,893
Use of money and property	20,040	-	-	14,432	34,472
Intergovernmental	82,391	215,804	-	24,260	322,455
Charges for service	299,455	-	-	-	299,455
Miscellaneous	95,177	-	-	84,924	180,101
Total receipts	<u>958,263</u>	<u>215,804</u>	<u>-</u>	<u>970,680</u>	<u>2,144,747</u>
<b>DISBURSEMENTS:</b>					
Operating:					
Public safety	669,974	-	-	132,123	802,097
Public works	362,971	248,569	-	58,427	669,967
Culture and recreation	328,049	-	-	84,970	413,019
Community and economic development	233,814	-	-	48,307	282,121
General government	110,570	-	-	15,432	126,002
Capital projects	-	-	818,038	83,727	901,765
Total disbursements	<u>1,705,378</u>	<u>248,569</u>	<u>818,038</u>	<u>422,986</u>	<u>3,194,971</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(747,115)</u>	<u>(32,765)</u>	<u>(818,038)</u>	<u>547,694</u>	<u>(1,050,224)</u>
Other financing sources (uses):					
Transfers in	96,350	59,810	1,000,000	75,500	1,231,660
Transfers out	-	(45,000)	-	(467,767)	(512,767)
Total other financing sources (uses)	<u>96,350</u>	<u>14,810</u>	<u>1,000,000</u>	<u>(392,267)</u>	<u>718,893</u>
Net change in cash balances	(650,765)	(17,955)	181,962	155,427	(331,331)
CASH BALANCES - Beginning of year	<u>562,770</u>	<u>(19,347)</u>	<u>15,750</u>	<u>485,965</u>	<u>1,045,138</u>
CASH BALANCES - End of year	\$ <u>(87,995)</u>	\$ <u>(37,302)</u>	\$ <u>197,712</u>	\$ <u>641,392</u>	\$ <u>713,807</u>
<b>Cash Basis Fund Balances</b>					
Reserved:					
Library building	\$ -	\$ -	\$ -	\$ 37,823	\$ 37,823
Unreserved:					
General fund	(87,995)	-	-	-	(87,995)
Special revenue funds	-	(37,302)	-	414,901	377,599
Capital projects funds	-	-	197,712	72,451	270,163
Permanent funds	-	-	-	116,217	116,217
Total cash basis fund balances	\$ <u>(87,995)</u>	\$ <u>(37,302)</u>	\$ <u>197,712</u>	\$ <u>641,392</u>	\$ <u>713,807</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	Enterprise Funds				
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<u>Operating receipts:</u>					
Charges for service	\$ <u>701,080</u>	\$ <u>345,988</u>	\$ <u>2,949,244</u>	\$ <u>1,721,365</u>	\$ <u>5,717,677</u>
<u>Operating disbursements:</u>					
Business type activities	<u>662,266</u>	<u>376,277</u>	<u>2,313,089</u>	<u>1,791,144</u>	<u>5,142,776</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>38,814</u>	<u>(30,289)</u>	<u>636,155</u>	<u>(69,779)</u>	<u>574,901</u>
<u>Non-operating receipts (disbursements):</u>					
Intergovernmental	755	-	-	-	755
Interest on investments	4,551	11,367	18,898	17,251	52,067
Miscellaneous	32,000	5,069	19,195	5,724	61,988
Debt service	<u>(152,378)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152,378)</u>
Total non-operating receipts (disbursements)	<u>(115,072)</u>	<u>16,436</u>	<u>38,093</u>	<u>22,975</u>	<u>(37,568)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(76,258)</u>	<u>(13,853)</u>	<u>674,248</u>	<u>(46,804)</u>	<u>537,333</u>
<u>Other financing sources (uses):</u>					
Transfers in	-	-	452,957	-	452,957
Transfers out	<u>(50,000)</u>	<u>-</u>	<u>(1,121,850)</u>	<u>-</u>	<u>(1,171,850)</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>-</u>	<u>(668,893)</u>	<u>-</u>	<u>(718,893)</u>
Net change in cash balances	(126,258)	(13,853)	5,355	(46,804)	(181,560)
<u>CASH BALANCES - Beginning of year</u>	<u>343,642</u>	<u>378,335</u>	<u>1,451,486</u>	<u>976,230</u>	<u>3,149,693</u>
<u>CASH BALANCES - End of year</u>	\$ <u>217,384</u>	\$ <u>364,482</u>	\$ <u>1,456,841</u>	\$ <u>929,426</u>	\$ <u>2,968,133</u>
<u>Cash Basis Fund Balances</u>					
Reserved for:					
Reserve	\$ 169,238	\$ -	\$ -	\$ -	\$ 169,238
Improvements	250,753	-	-	-	250,753
Unreserved	<u>(202,607)</u>	<u>364,482</u>	<u>1,456,841</u>	<u>929,426</u>	<u>2,548,142</u>
Total cash basis fund balances	\$ <u>217,384</u>	\$ <u>364,482</u>	\$ <u>1,456,841</u>	\$ <u>929,426</u>	\$ <u>2,968,133</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CHANGES IN CASH BALANCES  
FIDUCIARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	Private Purpose Expendable Trusts				
	Avenue of Flags	Drug Awareness Resistance Education	Library Memorial	South Cemetery	Total
<u>Additions:</u>					
Use of money and property:					
Interest on investments	\$ -	\$ 11	\$ 2,010	\$ 295	\$ 2,316
Miscellaneous:					
Donations	-	30	150,630	-	150,660
Total additions	-	41	152,640	295	152,976
<u>Deductions:</u>					
Culture and recreation:					
Commodities	-	37	13,235	-	13,272
Net change in cash balances	-	4	139,405	295	139,704
<u>CASH BALANCES - Beginning of year</u>	47	(395)	57,308	11,218	68,178
<u>CASH BALANCES - End of year</u>	\$ 47	\$ (391)	\$ 196,713	\$ 11,513	\$ 207,882
<u>Cash Basis Fund Balances</u>					
Reserved for special purpose	\$ 47	\$ (391)	\$ 196,713	\$ 11,513	\$ 207,882



## CITY OF BLOOMFIELD, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

##### A. Reporting Entity

For financial reporting purposes, the City of Bloomfield, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bloomfield, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

##### Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield, Iowa (the primary government) by soliciting contributions and managing those funds.

##### Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

##### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

##### B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets - Cash Basis reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Statement of Activities and Net Assets - Cash Basis presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets - Cash Basis demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue - The Road Use Tax Fund is used to account for road construction and maintenance.

Capital Projects - The Farm to Market Fund is used to account for all receipts(transfers) and disbursements for the Farm to Market Capital Project.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric distribution system.

The Gas Fund accounts for the operation and maintenance of the City's gas distribution system.

The City also reports fiduciary funds which focus on changes in cash basis net assets. The City's fiduciary funds include the following:

The Private Purpose Trust Funds are used to account for assets held by the City under trust agreements which require income earned to be used to benefit particular programs.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The City of Bloomfield, Iowa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

The proprietary funds of the City applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 3: NOTES PAYABLE

Annual debt service requirements to maturity for revenue notes are as follows:

<u>Year Ending June 30,</u>	<u>Revenue Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 130,000	\$ 20,853
2011	135,000	14,352
2012	<u>145,000</u>	<u>7,467</u>
Total	\$ <u>410,000</u>	\$ <u>42,672</u>

The resolutions providing for the issuance of the revenue notes include the following provisions.

- a. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to a water revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c. An amount equal to 25% of the monthly transfer to the sinking account shall be made to a water reserve account until a specified amount is accumulated and maintained. The water reserve account is required to accumulate the lesser of ten percent of the stated principal amount of the notes, the maximum annual principal and interest coming due on the notes, or 125% of the average annual principal and interest coming due on the notes. At June 30, 2009 the allowable reserve fund amount is computed to be \$126,500.
- d. Additional monthly transfers of \$4,000 to a water improvements account shall be made until a minimum balance of \$400,000 is accumulated. This account is restricted for the purpose of paying for any deficiencies in the revenue note sinking account, then for capital improvements, renewals and replacements and extraordinary repairs.

The City has established the sinking, reserve and improvements accounts required by the note resolution and have complied with the related provisions.

NOTE 4: PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$66,220, \$66,175, and \$59,866, respectively, equal to the required contributions for each year.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time and sick leave payments payable to employees at June 30, 2009, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 35,959
Compensatory time	18,051
Sick leave	<u>85,749</u>
Total	\$ <u>139,759</u>

Sick leave is payable when used or, after an employment period of at least ten (10) years, upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2009.

NOTE 6: INDUSTRIAL DEVELOPMENT LOAN AND REBATE AGREEMENT

On May 11, 1992, the City entered into a loan agreement, under the provisions of Chapter 403 of the Code of Iowa, with Chevron Chemical Company totaling \$425,000 to provide funds for the purpose of defraying a portion of the costs of carrying out an urban renewal development project of the City. The loan principal plus interest thereon at the rate of 8.50% per annum were payable solely from tax increment financing property tax collections.

On June 19, 2000, the City and Chevron Chemical Company amended the original agreement whereby the City is no longer required to repay the \$425,000. The City agreed to rebate incremental taxes paid by the developer in exchange for infrastructure improvements constructed by the developer as set forth in the amendment, with the condition that the company maintains a specified level of full-time equivalent positions for the term of the agreement. The incremental taxes that otherwise would have been received by the City under Chapter 403.19 of the Code of Iowa from the developer are to be rebated for a period of nine years beginning May 1, 2001. During the current year, the City rebated taxes totaling \$38,820 to Chevron Chemical Company.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Enterprise: Electric	\$ 96,350
Capital Projects:	Enterprise:	
Farm to Market	Electric	1,000,000
Spec Building	Electric	5,500
Lake Project	Electric	20,000
Goode & Karr	Water	50,000
Special Revenue:	Special Revenue:	
Road Use Tax	Other Tax Increment Financing	59,810
Enterprise:	Special Revenue:	
Electric	Local Option Sales Tax	200,000
Electric	Road Use Tax	45,000
Electric	Other Tax Increment Financing	<u>207,957</u>
		\$ <u>1,684,617</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: DEFICIT BALANCES

The General Fund had a deficit balance of \$87,995 at June 30, 2009. This deficit is the result of a decrease in grant money received by the general fund as well as a 20% increase in disbursements compared to the prior year. The Road Use Tax Fund had a deficit balance of \$37,302 and the Drug Awareness Resistance Education Fund had a deficit balance of \$391. These deficits will be eliminated with future program receipts.

NOTE 10: ECONOMIC DEVELOPMENT LOANS

On April 1, 2001, the City of Bloomfield, Iowa loaned \$300,000 to a local business to construct and equip an assisted and independent living facility to be located in the City. The loan bears interest at 7% and is to be repaid to the City in annual installments of \$42,713 including interest, from April 1, 2001 through April 1, 2011. The loan has a balance of \$77,226 at June 30, 2009.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 11: HEALTH INSURANCE

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partial self-funded health plan. Under the partial self-funded plan, the City will reimburse an eligible employee for the deductible as well as out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for employees are as follows:

		<u>Deductible</u>	
		<u>Single</u>	<u>Family</u>
Employee		\$ 500	\$ 1,000

  

		<u>Out-of-Pocket</u>	
		<u>Single</u>	<u>Family</u>
Employee		\$ 1,500	\$ 3,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$110,000. As of June 30, 2009 there is a remaining maximum liability commitment of \$64,348.

NOTE 12: CONSTRUCTION COMMITMENTS

During the year ended June 30, 2009, the City approved various construction contracts. Payments on the contracts will be made as the work on the projects is completed.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Prior to July 1, 2007, the City of Bloomfield, Iowa received on behalf of Davis County Daycare a CDBG grant for \$600,000 to be used for the construction of the daycare facility. In addition, the City also received two USDA loans on behalf of the daycare. These were also used for construction costs. If the daycare were to default on these loans prior to June 30, 2010, the City would be required to return the \$600,000 CDBG grant. During the fiscal year ended June 30, 2008, the daycare experienced financial difficulties, and the City agreed to provide financial support to the daycare. For the year ended June 30, 2008, the City paid Davis County Daycare \$59,962. During the year ended June 30, 2009 the City paid Davis County Daycare \$37,580 and has agreed to pay an additional \$37,200 for the years ending June 30, 2010 and 2011.

## REQUIRED SUPPLEMENTARY INFORMATION



CITY OF BLOOMFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2009

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to be Budgeted
<b><u>RECEIPTS:</u></b>			
Property tax	\$ 670,808	\$ -	\$ -
Tax increment financing	337,333	-	-
Other City tax	260,230	-	-
License and permits	39,893	-	-
Use of money and property	34,472	52,067	3,184
Intergovernmental	322,455	755	-
Charges for service	299,455	5,717,677	-
Miscellaneous	<u>180,101</u>	<u>61,988</u>	<u>45,334</u>
Total receipts	<u>2,144,747</u>	<u>5,832,487</u>	<u>48,518</u>
<b><u>DISBURSEMENTS:</u></b>			
Public safety	802,097	-	-
Public works	669,967	-	-
Culture and recreation	413,019	-	43,528
Community and economic development	282,121	-	-
General government	126,002	-	-
Capital projects	901,765	-	-
Business type activities	<u>-</u>	<u>5,295,154</u>	<u>-</u>
Total disbursements	<u>3,194,971</u>	<u>5,295,154</u>	<u>43,528</u>
Excess (deficiency) of receipts over (under) disbursements	(1,050,224)	537,333	4,990
Other financing sources (uses), net	<u>718,893</u>	<u>(718,893)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(331,331)	(181,560)	4,990
<b><u>BALANCES - Beginning of year</u></b>	<u>1,045,138</u>	<u>3,149,693</u>	<u>94,857</u>
<b><u>BALANCES - End of year</u></b>	\$ <u>713,807</u>	\$ <u>2,968,133</u>	\$ <u>99,847</u>

	<u>Total</u>	Budgeted Amounts <u>Original</u>	<u>Final</u>	Final to Total <u>Variance</u>
\$	670,808	\$ 713,382	\$ 713,611	\$ (42,803)
	337,333	321,967	318,817	18,516
	260,230	208,229	220,900	39,330
	39,893	35,525	39,170	723
	83,355	71,964	79,266	4,089
	323,210	289,567	405,652	(82,442)
	6,017,132	5,897,495	5,904,060	113,072
	<u>196,755</u>	<u>47,100</u>	<u>269,905</u>	<u>(73,150)</u>
	<u>7,928,716</u>	<u>7,585,229</u>	<u>7,951,381</u>	<u>(22,665)</u>
	802,097	775,929	848,529	46,432
	669,967	678,945	704,345	34,378
	369,491	366,598	392,248	22,757
	282,121	244,560	300,210	18,089
	126,002	119,435	135,155	9,153
	901,765	1,070,000	1,069,100	167,335
	<u>5,295,154</u>	<u>5,320,038</u>	<u>5,704,838</u>	<u>409,684</u>
	<u>8,446,597</u>	<u>8,575,505</u>	<u>9,154,425</u>	<u>707,828</u>
	(517,881)	(990,276)	(1,203,044)	685,163
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(517,881)	(990,276)	(1,203,044)	685,163
	<u>4,099,974</u>	<u>3,049,928</u>	<u>4,168,142</u>	<u>(68,168)</u>
\$	<u>3,582,093</u>	\$ <u>2,059,652</u>	\$ <u>2,965,098</u>	\$ <u>616,995</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$578,920. The budget amendments are reflected in the final budgeted amounts.

## OTHER SUPPLEMENTARY INFORMATION

## CITY OF BLOOMFIELD, IOWA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

	Special Revenue						
	Employee Benefits	Local Option Sales Tax	Chevron Tax Increment Financing	Other Tax Increment Financing	Friends of the Bloomfield Library	Local Housing Assistance Program	Hotel/ Motel Tax
<b>RECEIPTS:</b>							
Property tax	\$ 296,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing	-	-	38,820	298,513	-	-	-
Other City tax	-	189,022	-	-	-	-	24,539
Use of money and property	-	-	-	-	3,184	-	-
Intergovernmental	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	45,334	-	-
Total receipts	<u>296,170</u>	<u>189,022</u>	<u>38,820</u>	<u>298,513</u>	<u>48,518</u>	<u>-</u>	<u>24,539</u>
<b>DISBURSEMENTS:</b>							
Operating:							
Public safety	132,123	-	-	-	-	-	-
Public works	58,427	-	-	-	-	-	-
Culture and recreation	41,442	-	-	-	43,528	-	-
Community and economic development	4,476	-	38,820	-	-	400	4,611
General government	15,432	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total disbursements	<u>251,900</u>	<u>-</u>	<u>38,820</u>	<u>-</u>	<u>43,528</u>	<u>400</u>	<u>4,611</u>
Excess (deficiency) of receipts over (under) disbursements	<u>44,270</u>	<u>189,022</u>	<u>-</u>	<u>298,513</u>	<u>4,990</u>	<u>(400)</u>	<u>19,928</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(200,000)	-	(267,767)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(267,767)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balances	44,270	(10,978)	-	30,746	4,990	(400)	19,928
<b>CASH BALANCES - Beginning of year</b>	<u>132,060</u>	<u>89,366</u>	<u>244</u>	<u>33,875</u>	<u>94,857</u>	<u>9,483</u>	<u>4,283</u>
<b>CASH BALANCES - End of year</b>	<u>\$ 176,330</u>	<u>\$ 78,388</u>	<u>\$ 244</u>	<u>\$ 64,621</u>	<u>\$ 99,847</u>	<u>\$ 9,083</u>	<u>\$ 24,211</u>
<b>Cash Basis Fund Balances</b>							
Reserved:							
Library building	\$ -	\$ -	\$ -	\$ -	\$ 37,823	\$ -	\$ -
Unreserved:							
Special revenue funds	176,330	78,388	244	64,621	62,024	9,083	24,211
Capital project funds	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-
	<u>\$ 176,330</u>	<u>\$ 78,388</u>	<u>\$ 244</u>	<u>\$ 64,621</u>	<u>\$ 99,847</u>	<u>\$ 9,083</u>	<u>\$ 24,211</u>

SCHEDULE 1

Capital Projects						Permanent		Total
Spec Building	Mainstreet	ABCM Corporation Economic Development	Park Improvements	Lake Project	Goode & Karr	IOOF Cemetery Perpetual Care	Library Bequest	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,170
-	-	-	-	-	-	-	-	337,333
-	-	-	-	-	-	-	-	213,561
-	-	7,847	-	-	-	3,259	142	14,432
-	24,260	-	-	-	-	-	-	24,260
-	-	34,867	-	-	-	4,723	-	84,924
-	24,260	42,714	-	-	-	7,982	142	970,680
-	-	-	-	-	-	-	-	132,123
-	-	-	-	-	-	-	-	58,427
-	-	-	-	-	-	-	-	84,970
-	-	-	-	-	-	-	-	48,307
-	-	-	-	-	-	-	-	15,432
5,413	24,249	-	698	-	50,000	2,500	867	83,727
5,413	24,249	-	698	-	50,000	2,500	867	422,986
(5,413)	11	42,714	(698)	-	(50,000)	5,482	(725)	547,694
5,500	-	-	-	20,000	50,000	-	-	75,500
-	-	-	-	-	-	-	-	(467,767)
5,500	-	-	-	20,000	50,000	-	-	(392,267)
87	11	42,714	(698)	20,000	-	5,482	(725)	155,427
334	-	(1,007)	1,010	10,000	-	105,508	5,952	485,965
\$ 421	\$ 11	\$ 41,707	\$ 312	\$ 30,000	\$ -	\$ 110,990	\$ 5,227	\$ 641,392
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,823
-	-	-	-	-	-	-	-	414,901
421	11	41,707	312	30,000	-	-	-	72,451
-	-	-	-	-	-	110,990	5,227	116,217
\$ 421	\$ 11	\$ 41,707	\$ 312	\$ 30,000	\$ -	\$ 110,990	\$ 5,227	\$ 641,392

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2009

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
Revenue notes:			
Water revenue refunding capital loan notes	May 1, 2001	4.25 - 5.15%	\$ <u>1,265,000</u>

SCHEDULE 2

Balance Beginning <u>of Year</u>	Issued During <u>Year</u>	Redeemed/ Cancelled During <u>Year</u>	Balance End <u>of Year</u>	Interest <u>Paid</u>	Interest Due and <u>Unpaid</u>
\$ <u>535,000</u>	\$ <u>-</u>	\$ <u>125,000</u>	\$ <u>410,000</u>	\$ <u>26,978</u>	\$ <u>-</u>



CITY OF BLOOMFIELD, IOWA

NOTE MATURITIES  
JUNE 30, 2009

Year Ending <u>June 30,</u>	<u>Revenue Notes</u>	
	<u>Water</u>	
	<u>Issued May 1, 2001</u>	
	<u>Interest</u> <u>Rates</u>	<u>Amount</u>
2010	5.00 %	\$ 130,000
2011	5.10	135,000
2012	5.15	<u>145,000</u>
Total		\$ <u>410,000</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS

FOR THE LAST EIGHT YEARS

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b><u>RECEIPTS:</u></b>				
Property tax	\$ 670,808	\$ 648,956	\$ 648,869	\$ 677,166
Tax increment financing	337,333	229,279	195,389	48,809
Other City tax	260,230	222,356	214,790	207,427
Licenses and permits	39,893	6,383	34,314	37,308
Use of money and property	34,472	86,602	75,362	63,639
Intergovernmental	322,455	704,311	344,541	453,287
Charges for service	299,455	250,983	248,742	261,650
Miscellaneous	180,101	149,039	188,282	63,940
Total	\$ <u>2,144,747</u>	\$ <u>2,297,909</u>	\$ <u>1,950,289</u>	\$ <u>1,813,226</u>
<b><u>DISBURSEMENTS:</u></b>				
Operating:				
Public safety	\$ 802,097	\$ 712,514	\$ 566,472	\$ 571,870
Public works	669,967	747,352	924,508	477,861
Culture and recreation	413,019	290,368	262,538	307,765
Community and economic development	282,121	202,406	206,898	95,360
General government	126,002	106,464	112,061	104,437
Debt service	-	-	-	-
Capital projects	901,765	117,499	27,720	2,356,824
Total	\$ <u>3,194,971</u>	\$ <u>2,176,603</u>	\$ <u>2,100,197</u>	\$ <u>3,914,117</u>

SCHEDULE 4

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 700,028	\$ 687,854	\$ 601,513	\$ 576,651
72,923	128,446	123,729	104,117
202,659	120,634	17,100	15,528
5,715	4,677	5,935	4,921
54,844	55,716	56,231	65,499
847,035	465,412	435,292	320,761
266,904	240,094	240,822	234,057
50,232	79,656	193,619	110,869
<u>\$ 2,200,340</u>	<u>\$ 1,782,489</u>	<u>\$ 1,674,241</u>	<u>\$ 1,432,403</u>
\$ 535,694	\$ 545,478	\$ 565,348	\$ 531,660
520,585	737,083	467,857	514,263
262,042	268,797	327,575	270,927
471,511	176,650	394,594	111,106
104,241	117,787	115,138	124,218
-	258,414	55,846	58,712
819,655	-	-	182,799
<u>\$ 2,713,728</u>	<u>\$ 2,104,209</u>	<u>\$ 1,926,358</u>	<u>\$ 1,793,685</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of the City Council

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated October 29, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bloomfield, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Bloomfield, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Bloomfield, Iowa's financial statements that is more than inconsequential will not be prevented or detected by the City of Bloomfield, Iowa's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Bloomfield, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-09 is a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bloomfield, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Bloomfield, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Bloomfield, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bloomfield, Iowa and other parties to whom the City of Bloomfield, Iowa may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bloomfield, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
October 29, 2009

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2009

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Significant Deficiencies:

- II-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash is received and recorded by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

Instances of Noncompliance:

No matters were noted.

Part III: Other Findings Related to Required Statutory Reporting

- III-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.
- III-B-09 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-09 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-09 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Craig Scott, Council Member	Maintenance at Bloomfield Fire Department	\$1,200

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions Craig Scott do not appear to represent conflicts of interest since the total transactions were less than \$1,500 during the fiscal year.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2009

Part III: Other Findings Related to Required Statutory Reporting (Continued)

III-E-09 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-09 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. However, in accordance with the Code of Iowa, minutes are required to be published within two weeks of the Council meeting. The minutes for the meetings held September 4, November 6 and December 1, 2008 and January 5, 2009 were not published within two weeks of the Council meeting.

Recommendation – The Council should ensure all minutes are published to comply with the Code of Iowa.

Response – We will do so from now on.

Conclusion – Response accepted.

III-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy were noted.

III-H-09 Financial Condition – The following funds had deficit balances at June 30, 2009: General, Road Use Tax and Drug Awareness Resistance Education.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return the accounts to a sound financial position.

Response – We will review our budgeting and financial management procedures. The deficits will be eliminated with future receipts.

Conclusion – Response acknowledged.